

CERTIFIED MAIL

Continental Heat Treating
10643 South Norwalk Avenue
Santa Fe Springs, CA 90670

June 18, 1993

Mobil Foundation Inc., Jalk Fee
P.C.E. Contamination
Santa Fe Springs, CA

Gentlemen:

Mobil Exploration and Producing U.S. Inc. (MEPUS) intends to conduct a soil remediation project to remove hydrocarbon substances which resulted from oil and gas production activities on a property known as the Jalk Fee Parcel, which borders your location to the north and which is depicted on attachment "1". Mobil Foundation Inc., the owner of the property, is an organization set up for the purpose of distributing the proceeds of the sale of Mobil assets, such as the Jalk Fee Parcel, for charitable purposes.

MEPUS, on behalf of the Mobil Foundation, conducted a preliminary site investigation which included soil sampling and, as anticipated, documented the presence of crude oil and other substances associated with oil and gas production in areas of the property where those activities were conducted. In one soil sampling area, however, an area directly adjacent to your facility (see attachment "2") we detected extremely high concentrations of Perchloroethylene (PCE) and related compounds [Trichloroethylene (TCE) and 1,2 - Dichloroethylene (DCE).]

These compounds, as you may know, are very mobile in the environment and are considered hazardous at very low concentrations in groundwater. As a point of reference, the drinking water standard for PCE is 5 parts per billion (ppb), as compared to the 2,500,000 ppb found in the soil in the area adjacent to your facility.

A review of various documents at the Environmental Compliance Section of the City of Santa Fe Springs Fire Department disclosed the following:

Use of PCE at Continental Heat Treating

The Continental Heat Treating facility was designed in 1968 and began operation in 1969. The facility drawings (Job # 6802, PE-1) dated August 20, 1968 showed a degreaser located approximately 120 feet west of the northeast corner of the building and 30 feet south of the northern wall of the building. A pipe trench was shown going from the degreaser to the north end of the building, just west of the electrical panel. The PCE on the Jalk Fee Parcel was found in the area beginning exactly where the pipe trench left the building and continuing west to the northwest corner of the building.

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In a letter to the City of Santa Fe Springs dated March 30, 1987, Continental Heat Treating reported that PCE was "used for cleaning of parts prior to heat treating." The hazardous material registration forms (February 15, 1993) reported an average PCE use of 125 gallons per day and a maximum daily use of 250 gallons per day. The Business Plan described a 500 gallon above ground PCE tank, although the location of this tank could not be determined from our investigation at the Fire Department.

Documented Annual PCE Waste Generation

The hazardous materials registration forms (February 15, 1993) reported that 1.5 tons of PCE are generated each year at your facility. In the March 30, 1987 letter to the City of Santa Fe Springs, Continental Heat Treating reported that the PCE was stored in a tank provided by Acto Kleen Corporation and was disposed by Acto Kleen for recycling.

While the possible explanations for the presence of PCE contamination are many (i.e. equipment or pipeline failure, fires, earthquakes, intentional or accidental discharge), it is not Mobil's intent to reconstruct past events, but rather to immediately begin the necessary consultation and remediation of our property. To that end it is Mobil's desire to engage Continental Heat Treating's cooperation and financial participation in evaluating the level and extent of PCE contamination and the resulting remediation activities. We firmly believe that it is in the best interest of both our companies to capitalize on our collective knowledge and expertise and to that end, we invite your involvement.

In order to discuss this matter, please contact me at your earliest convenience by telephone at (805) 665-3619 or by letter at the letterhead address. We look forward to your cooperation in this matter.

Very Truly Yours,

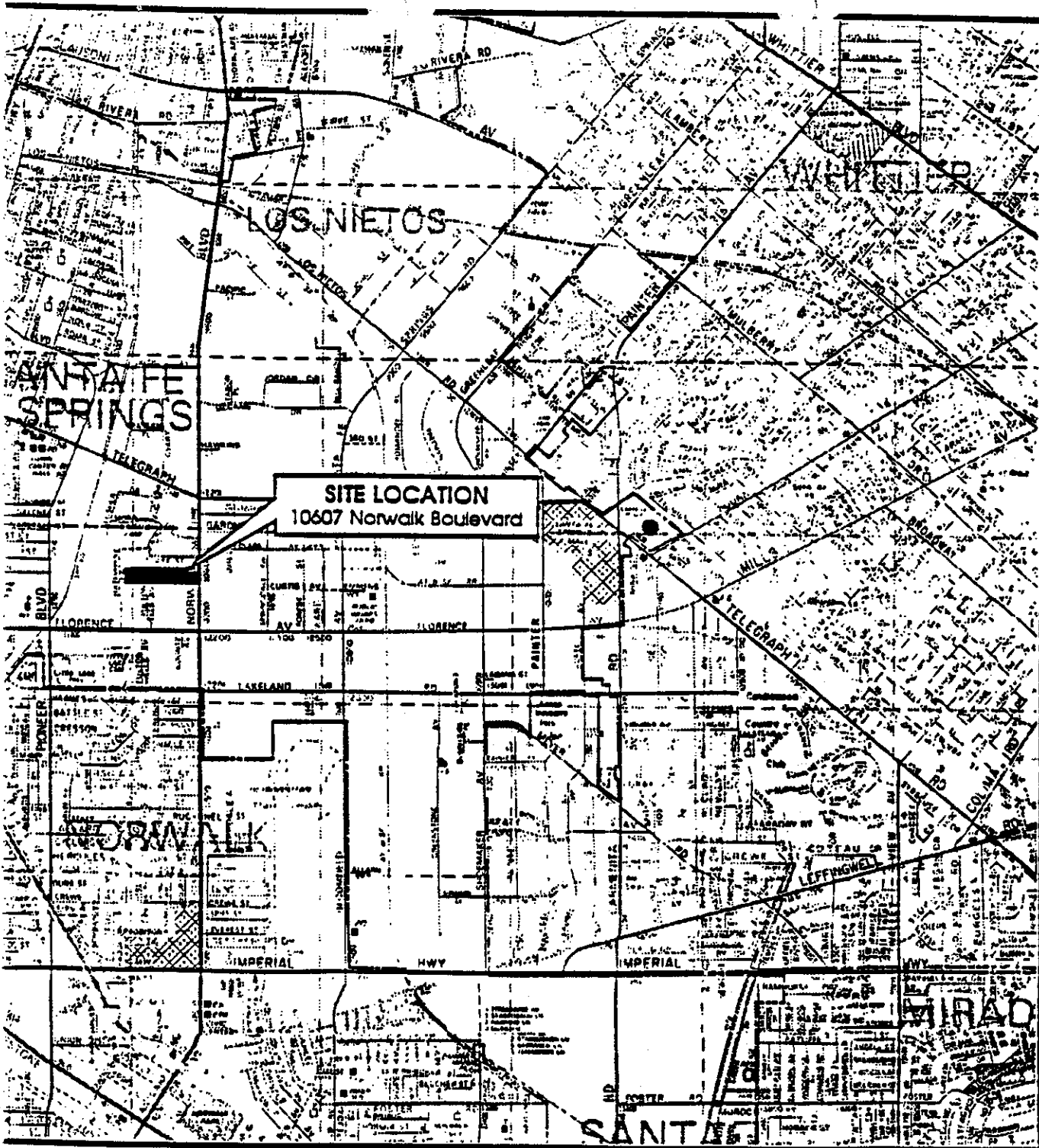
ORIGINAL SIGNED BY

*C.C. PETER MORRIS - OGC
BAKERSFIELD*

David L. Barger
Wets Coast Business Team Supervisor

BCC: T. L. Laudick
Mobil Foundation, Inc., Reston, VA

Tom Walker
Santa Fe Springs, CA



MAP SOURCE: Thomas Bros. Guide, Los Angeles County, 1989, pp. 61, 82.

SCALE

0 1/4 1/2 1 MILE

Figure 1 : SITE VICINITY

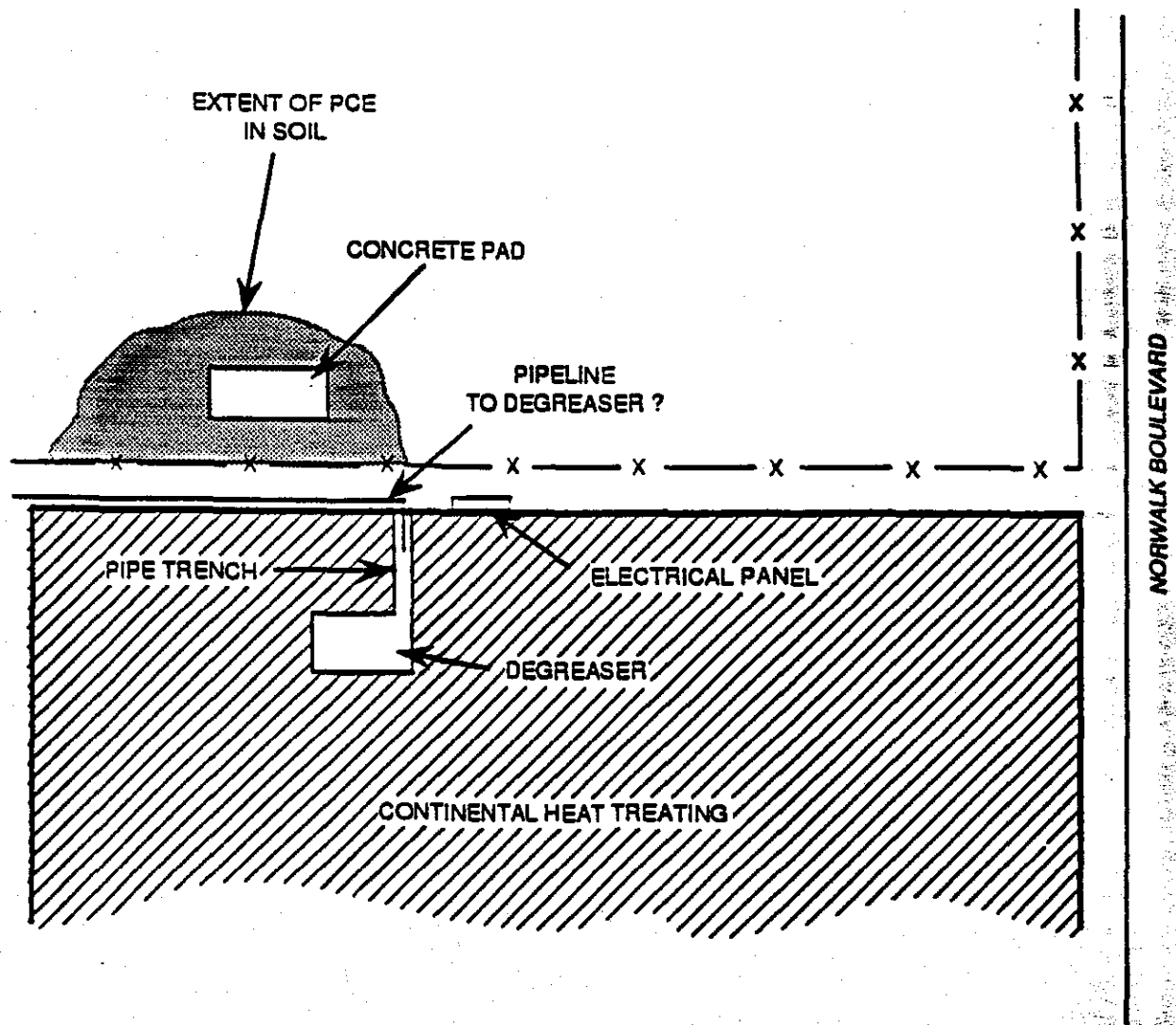


FIGURE 2
DISTRIBUTION OF
PERCHLOROETHYLENE (PCE) ON
JALK LEASE NEAR CONTINENTAL
HEAT TREATING DEGREASER

RECEIVED

OFFICE OF GENERAL COUNSEL

6-16-93

To: Dave Barger

MEPUS - Bakersfield

Date: June 14, 1993

cc:

RE: Jalk Fee (CA-295-A)
Santa Fe Springs, CA

Pursuant to our conversation earlier today, please allow me to suggest a possible approach regarding the remediation and eventual sale of the above-referenced property.

Having reviewed the provided documentation, it appears quite certain that the Perchloroethylene (PCE) and related compounds found on the Jalk lease are independent and unrelated to MEPUS' oil producing activities. Instead, the source of the PCE and related compounds is evidently a neighboring Continental Heat Treating (CHT) facility. The PCE on the lease was reportedly found in an area beginning exactly where a pipe trench left the facility's "degreaser," and continued west to the northwest corner of the facility.

In light of the above, and considering MEPUS' desire to remediate the property in order to donate it to the Mobil Foundation for charitable purposes, I recommend sending correspondence to CHT requesting their participation in the remediation. Further, I recommend the correspondence point out the following:

1. MEPUS' intention to remediate the property in order to donate it for charitable purposes;
2. The presence of the PCE and related compounds is unrelated to MEPUS' activities and is clearly the result of CHT's activities;
3. The recognized hazards PCE and the related compounds potentially pose to the groundwater;
4. MEPUS' desire to engage CHT's participation in evaluating the level of PCE contamination and the resulting remediation. Of course, their "participation" will likely include financial responsibility for the proportionate cost of consultation and remediation directly attributable to the presence of the PCE and related compounds;
5. The exigency of the situation and MEPUS' resulting desire to immediately begin the necessary consultation and remediation. Of course, MEPUS hopes to do so with CHT's active cooperation and financial contribution.

By notifying CHT now and requesting their immediate participation, we will prevent them from later "second guessing" our remediation activities and from disputing what is determined to

be their proportionate share of liability. Please feel free to contact me (x4023) in order to discuss this matter further. Of course, I request that OGC be informed of CHT's response once we have sent them our initial correspondence.



Peter K. Moroh
Counsel